

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Plus 1C Contracts (MC2012-6)  
Negotiated Service Agreement

Docket Nos. CP2014-40

PUBLIC REPRESENTATIVE COMMENTS ON NOTICE OF  
THE UNITED STATES POSTAL SERVICE OF FILING MODIFICATION  
TO GLOBAL PLUS 1C NEGOTIATED SERVICE AGREEMENT  
(August 14, 2014)

The Public Representative hereby provides comments pursuant to Order No. 2150.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's filing of a contract modification to an existing Global Plus 1C contract.

In Order No. 2063, the Commission determined that the original contract was (1) functionally equivalent to the baseline agreement; and (2) satisfied the requirements of 39 U.S.C. § 3633 and applicable Commission rules (39 C.F.R. §§ 3015.5 and 3015.7) and thus authorized the addition of the original Global Plus 1C product to the competitive product list.<sup>2</sup>

In this proceeding, the Postal Service gives notice that it has entered into a modification of this Global Plus 1C contract. The contract modification filed by the Postal Service would amend the wording of Article 7 paragraph 3 (h) of the agreement to add an additional drop-ship location and includes a revised Annex 1 changing certain prices under the agreement.<sup>3</sup>

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<sup>1</sup> PRC Order No. 2150, Notice and Order Concerning Modification to a Global Plus 1C Contract, August 12, 2014.

<sup>2</sup> PRC Order No. 2063, Order Approving Additional Global Plus 1C Negotiated Service Agreement, April 23, 2014.

<sup>3</sup> There also appear to have been certain other changes to the financial model accompanying this modification that are omitted from the Postal Service's notice such as changes in certain volumes and costs.

**COMMENTS**

The Public Representative has reviewed the Postal Service's Notice, the Statement of Supporting Justification (Attachment 3), and the contract modification. The Public Representative has also reviewed the supporting financial models filed separately under seal for the Global Plus 1C contract the contract as modified.

*Product Costs.* Pursuant to 39 U.S.C. § 3633(a), the Postal Service must demonstrate that competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service.

The Public Representative's review of the revised financial models accompanying this request indicates that the contract should continue to cover its attributable costs and make a sufficient contribution towards the Postal Service's Institutional Costs.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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